

MTD for IT will commence in April 2026. Each quarter, individuals will be required to report their income and expenses arising from any rental properties and/or trading activities.

To determine eligibility “qualifying income” is gross turnover/income before deduction of expenses and fees. You will need to comply if your combined gross income from both trading and property sources exceeds the qualifying amounts.

Those with qualifying income above £50,000 will start reporting in April 2026, for those with income above £30,000 their first reporting year will start in April 2027 and April 2028 for those above £20,000.

The income reported on the 2024/25 tax return will determine whether an individual needs to commence reporting from April 2026. The 2025/26 return will determine if they have exceeded the threshold to begin in April 2027 and so on.

Joint property owners need only report their share of income not income from the entire property, so it is possible for one owner to fall within MTD while the other does not.

You can apply to be removed from MTD if your income source has ceased entirely, however to be removed following a reduction in income you must be below the qualifying income threshold for 3 consecutive tax years.

The first reporting period will be from 6 April to 5 July 2026 and the submission deadline is 7 August 2026, with subsequent reports every 3 months. It is possible to change the reporting period to 1 April to 30 June but only if the change is requested before the submission of the first report of any tax year.

Separate reports are required for trading and rental activities – so an individual with both trading and rental income will need to submit 2 separate reports each quarter.

Submissions must be made online using compatible software. HMRC will not offer its own software solution. Broad Lawn Accounting Ltd uses software which is compatible with MTD for IT.

A “final declaration” will replace the tax return and will include all other income, expenses, gains, losses reliefs and allowances that would normally be reported each year. The deadline for the final declaration remains 31 January following the tax year.

Starting in April 2024 (i.e. beginning with the 2024/25 tax year) trading and rental activities are reported using the cash basis, unless the taxpayer specifically opts to use the traditional accrual accounting basis. MTD reporting should use the same basis.

Income is reported on a gross basis, that is before the deduction of expenses such as agent fees.

Expenses are reported in summary form using the same headings as the current personal tax return. Below is a summary of the expenses headings for MTD reporting purposes.

### **Business expenses**

Cost of goods & services  
Wages, salaries  
Car & travel expenses  
Rent, rate power & insurance costs  
Repairs & maintenance  
Phone, fax, stationery & other office costs  
Advertising & business entertainment costs  
Loan interest & other bank charges  
Accountancy, legal & other professional fees  
Other business expenses

### **Property rental expenses**

Rent, rates, insurance & ground rents paid  
Repairs & maintenance  
Non-residential property finance costs  
Legal, management & other professional fees  
Costs of services provided, including wages  
Other allowable property expenses